

HOUSE BILL No. 2061

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-18-2.

Synopsis: Insurance premium tax reduction. Reduces the insurance premium tax from 2% to 1.5% over a five year phase-in period.

Effective: July 1, 1999.

Fry, M. Smith

January 27, 1999, read first time and referred to Committee on Insurance, Corporations and Small Business.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2061

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-1-18-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) Every insurance
3 company not organized under the laws of this state, and each domestic
4 company electing to be taxed under this section, and doing business
5 within this state shall, on or before March 1 of each year, report to the
6 department, under the oath of the president and secretary, the gross
7 amount of all premiums received by it on policies of insurance
8 covering risks within this state, or in the case of marine or
9 transportation risks, on policies made, written, or renewed within this
10 state during the twelve (12) month period ending on December 31 of
11 the preceding calendar year. From the amount of gross premiums
12 described in this subsection shall be deducted:
13 (1) considerations received for reinsurance of risks within this
14 state from companies authorized to transact an insurance business
15 in this state;
16 (2) the amount of dividends paid or credited to resident insureds,
17 or used to reduce current premiums of resident insureds;



(3) the amount of premiums actually returned to residents on account of applications not accepted or on account of policies not delivered; and

(4) the amount of unearned premiums returned on account of the cancellation of policies covering risks within the state.

(b) A domestic company shall be taxed under this section only in each calendar year with respect to which it files a notice of election. The notice of election shall be filed with the insurance commissioner and the commissioner of the department of state revenue on or before November 30 in each year and shall state that the domestic company elects to submit to the tax imposed by this section with respect to the calendar year commencing January 1 next following the filing of the notice. The exemption from license fees, privilege, or other taxes accorded by this section to insurance companies not organized under the laws of this state and doing business within this state which are taxed under this chapter shall be applicable to each domestic company in each calendar year with respect to which it is taxed under this section. In each calendar year with respect to which a domestic company has not elected to be taxed under this section it shall be taxed without regard to this section.

~~(c)(1)~~ (c) For the privilege of doing business in this state, every insurance company required to file the report provided in this section shall pay into the treasury of this state an amount equal to ~~two percent (2%)~~ of the excess, if any, of the gross premiums over the allowable deductions **multiplied by the following rate for the year that the report covers:**

(1) For 1999, two percent (2%).

(2) For 2000, one and nine-tenths percent (1.9%).

(3) For 2001, one and eight-tenths percent (1.8%).

(4) For 2002, one and seven-tenths percent (1.7%).

(5) For 2003, one and six-tenths percent (1.6%).

(6) For 2004 and thereafter, one and five-tenths percent (1.5%).

~~(c)(2)~~ (d) Payments of the tax imposed by this section shall be made on a quarterly estimated basis. The amounts of the quarterly installments shall be computed on the basis of the total estimated tax liability for the current calendar year and the installments shall be due and payable on or before April 15, June 15, September 15, and December 15, of the current calendar year.

~~(c)(3)~~ (e) Any balance due shall be paid in the next succeeding calendar year at the time designated for the filing of the annual report with the department.



1 ~~(c)(4)~~ **(f)** Any overpayment of the estimated tax during the
 2 preceding calendar year shall be allowed as a credit against the liability
 3 for the first installment of the current calendar year.

4 ~~(c)(5)~~ **(g)** In the event a company subject to taxation under this
 5 section fails to make any quarterly payment in an amount equal to at
 6 least:

7 ~~(i)~~ **(1)** twenty-five percent (25%) of the total tax paid during the
 8 preceding calendar year; or

9 ~~(ii)~~ **(2)** twenty percent (20%) of the actual tax for the current
 10 calendar year;

11 the company shall be liable, in addition to the amount due, for interest
 12 in the amount of one percent (1%) of the amount due and unpaid for
 13 each month or part of a month that the amount due, together with
 14 interest, remains unpaid. This interest penalty shall be exclusive of and
 15 in addition to any other fee, assessment, or charge made by the
 16 department.

17 ~~(d)~~ **(h)** The taxes under this article shall be in lieu of all license fees
 18 or privilege or other tax levied or assessed by this state or by any
 19 municipality, county, or other political subdivision of this state. No
 20 municipality, county, or other political subdivision of this state shall
 21 impose any license fee or privilege or other tax upon any insurance
 22 company or any of its agents for the privilege of doing an insurance
 23 business therein, except the tax authorized by IC 22-12-6-5. However,
 24 the taxes authorized under IC 22-12-6-5 shall be credited against the
 25 taxes provided under this chapter. This section shall not be construed
 26 to prohibit the levy and collection of state, county, or municipal taxes
 27 upon real and tangible personal property of such company, or to
 28 prohibit the levy of any retaliatory tax, fine, penalty, or fee provided by
 29 law. However, all insurance companies, foreign or domestic, paying
 30 taxes in this state predicated in part on their premium income from
 31 policies sold and premiums received in Indiana, shall have the same
 32 rights and privileges from further taxation and shall be given the same
 33 credits wherever applicable, as those set out for those companies
 34 paying only a tax on premiums as set out in this section.

35 ~~(e)~~ **(i)** Any insurance company failing or refusing, for more than
 36 thirty (30) days, to render an accurate account of its premium receipts
 37 as provided in this section and pay the tax due thereon shall be subject
 38 to a penalty of one hundred dollars (\$100) for each additional day such
 39 report and payment shall be delayed, to be recovered in an action in the
 40 name of the state of Indiana on the relation of the department of
 41 insurance, in any court of competent jurisdiction, and it shall be the
 42 duty of the department to revoke all authority of such defaulting



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- 1 company to do business within this state, or suspend such authority
2 during the period of such default, in the discretion of the department.

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